

Message Text

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ACTION STR-04

INFO OCT-01 ARA-06 EA-07 IO-13 ISO-00 STRE-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 OIC-02 AF-08 EUR-12 NEA-10 /138 W

----- 125554

R 231638Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1786

INFO ALL OECD CAPITALS 053

AMEMBASSY BRASILIA

AMEMBASSY MEXICO

AMEMBASSY SEOUL

AMEMBASSY TOKYO

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ACTION STR

H PASS CODEL

SEOUL AND TOKYO FOR WILLIAM KELLY

E.O. 11652: N/A

TAGS: ETRD; MTN

SUBJECT: MEETING OF NTM PARENT GROUP, JULY 20-21

1. SUMMARY: NTM PARENT GROUP AGREED ON ESTABLISHMENT OF SUBGROUP ON GOVERNMENT PROCUREMENT WITH INITIAL MEETING IN OCTOBER. DEVELOPING COUNTRIES AGAIN PROPOSED ESTABLISHMENT OF SUBGROUP ON ANTIDUMPING, AND US AND AUSTRALIA PROPOSED SUBGROUP ON VARIABLE LEVIES (VL'S), BUT NEITHER PROPOSAL ACCEPTED BY GROUP. DIS-

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CUSSION OF PROPOSALS REGARDING VL'S, NON-TARIFF MEA-

SURES NOT DEALT WITH MULTILATERALLY (NTM/NDWM) AND ADDITION OF NTM DATA TO TARIFF RATE INFORMATION FILE (548*) SPARKED PROLONGED AND SOMETIMES ACRIMONIOUS DEBATE ON PRODUCT COVERAGE AND COMPETENCY OF GROUP TO DEAL WITH PROPOSALS CONTAINING ANY AGRICULTURAL IMPLICATIONS. GROUP ADOPTED SCHEDULE OF NTM MEETINGS FOR AUTUMN. END SUMMARY.

2. ESTABLISHMENT OF SECOND LIST OF NTM'S - ANTIDUMPING:

INDIA (CHADHA), AGAIN PROPOSED ESTABLISHMENT OF ANTI-DUMPING SUBGROUP DECLARING TIME RIGHT TO CREATE MTN MACHINERY TO DEAL WITH ANTIDUMPING MATTERS, ESPECIALLY WITH RESPECT TO CONCERNS OF LDC'S. INDIA OPEN AS TO WHEN SUBGROUP WOULD FIRST MEET, BUT ASKED PARTICIPANTS TO AGREE IN PRINCIPLE ON FORMATION OF SUBGROUP. CANADA (CLARK) AND EC (ABBOTT) STATED TIME NOT RIPE FOR SUBGROUP SINCE REVIEW OF INTERNATIONAL CODE ON ANTI-DUMPING PRACTICES BEING PERFORMED BY GATT COMMITTEE ON ANTI-DUMPING PRACTICES STILL IN PROCESS. WITHOUT RESULTS OF REVIEW, PARTICIPANTS DO NOT KNOW WHAT ASPECTS OF CODE, IF ANY, REQUIRE ATTENTION OF ANY NEW SUBGROUP. EC POINTED OUT THAT CONCERNS OF LDC'S, I.E., DEFINITION OF INJURY, ARE BEING COVERED IN OTHER CONTEXTS IN MTN (SUBSIDIES/CVD SUBGROUP), AND THERE IS NOW DANGER OF THESE ISSUES BEING LOST. US (NEWKIRK) SAID PROPOSED ANTIDUMPING SUBGROUP WOULD DUPLICATE WORK OF GATT ANTIDUMPING COMMITTEE. US, HOWEVER, APPRECIATED LDC INTEREST TO HAVE INPUT INTO EXAMINATION OF CODE, AND PROPOSED NTM GROUP TRANSMIT SUGGESTION TO GATT ANTIDUMPING COMMITTEE THAT IT CONSIDER PERMITTING LDC PARTICIPATION IN THAT COMMITTEE'S DISCUSSION REGARDING LDC'S CONCERNS WITH CODE. INDIA RESPONDED U.S. PROPOSAL UNACCEPTABLE SINCE SUCH PARTICIPATION SIMILAR TO RECENTLY ABOLISHED AD HOC WORKING PARTY ON LDC ACCEPTANCE OF CODE WHOSE EFFORTS FOR REVISING CODE WERE UNSUCCESSFUL. EGYPT AND MEXICO SUPPORTED INDIAN POSITION. IN CONFUSED STATEMENT, JAPAN (TERADA) SAID AGREEABLE TO ESTABLISHMENT OF A NEW SUBGROUP ON ANTIDUMPING BUT NOT UNTIL FULL CONSENSUS OF GROUP EMERGES AND WORK-LIMITED OFFICIAL USE

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LOAD OF MTN PARTICIPANTS PERMITS. GROUP AGREED TO REVERT TO INDIAN PROPOSAL AT NEXT MEETING.

3. GOVERNMENT PROCUREMENT: GROUP AGREED ON ESTABLISHMENT OF SUBGROUP ON GOVERNMENT PROCUREMENT WITH FIRST MEETING TO BE HELD IN OCTOBER. CHAIRMAN INFORMED GROUP THAT OECD TRADE COMMITTEE HAS REQUESTED OECD SECRETARIAT TO PREPARE A DETAILED NOTE FOR MTN PARTICIPANTS REGARDING

GOVERNMENT PROCUREMENT WORK IN OECD. INDIA SUGGESTED GATT SECRETARIAT PREPARE A BACKGROUND PAPER ON TOPIC WITH SPECIAL REGARD TO PROBLEMS ENCOUNTERED BY LDC'S. CANADA AGREED GATT SECRETARIAT SHOULD PREPARE PAPER INDICATING ISSUES THAT COULD BE DISCUSSED. US SAID OECD PAPER ADEQUATE BASIS FOR FURTHER SUBGROUP WORK, AND PROPOSED GROUP ASK OECD TO DE-RESTRICT RELEVANT DOCUMENTS FOR USE IN MTN. CANADA SKEPTICAL THAT DETAILED OECD PAPER WILL BE PREPARED IN TIME FOR OCTOBER MEETING AND CONCERNED THAT ITS DELAY COULD DETAIN SUBGROUP'S WORK. EC SUGGESTED SUBGROUP ITSELF SHOULD DECIDE WHAT FURTHER DOCUMENTS IT NEEDED AND THAT PAPER PREPARED BY SECRETARIAT (MTN/NTM/W/16) ADEQUATE FOR INITIAL WORK. JAPAN AGREED WITH EC AND RESPONDED TO CONTINUED INDIAN INSISTENCE FOR SECRETARIAT DOCUMENT BY ASKING LDC'S TO SUPPLY INFORMATION ON ANY PROBLEMS THEY HAVE ENCOUNTERED IN GOVERNMENT PROCUREMENT, NOTING THAT NTB INVENTORY NOTIFICATIONS ON GOVERNMENT PROCUREMENT ALREADY INCLUDED IN W/16. JAPAN NOTED THAT LDC'S MIGHT ALSO SUPPLY SECRETARIAT WITH INFORMATION AS TO HOW THEIR OWN GOVERNMENT PROCUREMENT SYSTEMS OPERATE TO SUPPLEMENT DESCRIPTION OF OECD MEMBERS' SYSTEMS AS PRESENTED IN PUBLISHED OECD COMPENDIUM.

4. VARIABLE LEVIES: US EXPRESSED SURPRISE THAT TOPIC OF VARIABLE LEVIES (VL'S) AND MINIMUM IMPORT PRICES (MIP'S) HAD BEEN LEFT OFF AGENDA FOR MEETING AND STATED THAT IMPORTANT WORK ON THESE ISSUES SHOULD BE UNDERTAKEN. AUSTRALIA RECALLED DISCUSSION OF VL'S IN RECENT MEETINGS OF NTM SUBGROUPS AND CITED IMPLICATION OF VL'S, I.E. IF VL BASED ON SUBSIDIZED OR DUMPED PRICE, VL THEN WOULD CONTAIN CVD'S OR DUMPING DUTIES LEVIED WITHOUT REGARD TO INJURY REQUIREMENT IN GATT ARTICLE LIMITED OFFICIAL USE

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VI. IN ADDITION USE OF VL'S COULD PRECLUDE NEED FOR SAFEGUARD ACTION. IN ORDER TO STUDY ALL ASPECTS OF VL IN ONE FORUM, AUSTRALIA URGED GROUP TO FORM A SUBGROUP ON VL'S. US AND NEW ZEALAND SUPPORTED AUSTRALIAN STATEMENT. EC WAS SUPPORTED BY NORDICS AND AUSTRIA WHEN IT RESPONDED THAT VL'S AN AGRICULTURAL ISSUE AND THAT UNDER TNC CHAIRMAN'S SUGGESTION OF DECEMBER, 1975 (MTN/W/24) PROPOSALS WITH AGRICULTURAL IMPLICATIONS SHOULD BE SENT TO GROUP AGRICULTURE. US CHALLENGED EC INTERPRETATION OF TNC CHAIRMAN'S SUGGESTION AND RECITED MAY 8, 1975 COMPROMISE AND TNC CHAIRMAN'S SUGGESTION AND RECITED MAY 8, 1975 COMPROMISE AND TNC CHAIRMAN'S SUGGESTION NOTING WORK OF AGRICULTURE GROUP AND SUBGROUPS TO BE IN CONJUNCTION WITH WORK OF ALL OTHER GROUPS AND SUBGROUPS. AUSTRALIA NOTED MTN/W/24 DOES NOT REQUIRE TRANSMITTAL OF PROPOSALS TO GROUP AGRI-

CULTURE, BUT ONLY THAT ALL GROUPS TO BE INFORMED OF ACTIVITIES. AUSTRALIA LAMENTED FACT THAT IT HAD RAISED VL'S IN AGRICULTURAL SUBGROUPS, BUT HAD BEEN TOLD THAT THEY ARE EITHER NOT NEGOTIABLE OR THAT THEY ARE TO BE ADDRESSED ELSEWHERE.

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----- 125776

R 231638Z JUL 76
FM USDEL MTN GENEVA
TO SECSTATE WASHDC 1787
INFO ALL OECD CAPITALS 054
AMEMBASSY BRASILIA
AMEMBASSY MEXICO
AMEMBASSY SEOUL
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ACTION STR

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SEOUL AND TOKYO FOR WILLIAM KELLY

5. NON-TARIFF MEASURES NOT DEALT WITH MULTILATERALLY
(MTN/NDWM): CHAIRMAN NOTED AGREEMENT IN PRINCIPLE
AT LAST MEETING ON NOTIFICATION PROCEDURE FOR NTM/NDWM
AND THAT SIMILAR PROCEDURES HAD BEEN ADOPTED IN GROUP AGRI-

CULTURE. US STATED THAT NOTIFICATIONS PROCESS IMPORTANT TO ASCERTAIN NTM'S OF NEGOTIATING INTEREST TO PARTICIPANTS, AND, POINTING TO NUMEROUS ERRORS IN QR NOTIFICATIONS AGAINST U.S., SAID CONSULTATIONS NECESSARY TO CLARIFY WHETHER NTM EXISTS AND HOW IT WORKS. AUSTRALIA AND ISRAEL SUPPORTED US IDEA OF INFORMATION EXCHANGE LIMITED OFFICIAL USE

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AS FIRST STEP, WITHOUT PREJUDICE TO PROCEDURES FOR FUTURE NEGOTIATIONS ON THESE MEASURES. BRAZIL AND HONG KONG, FEARING THAT CONSULTATION PROCEDURES WOULD IMPLY BILATERALIZATION OF NEGOTIATIONS, BELIEVED ONLY NECESSARY TO HAVE NOTIFICATION STEP IN ORDER TO ASCERTAIN SCOPE OF NTM'S OF INTEREST. JAPAN ALSO AGREED TO NOTIFICATION STEP.

EC SAID IT COULD GO ALONG WITH CONSULTATIONS IN ADDITION TO NOTIFICATIONS BUT NEW PROCEDURES SHOULD NOT DUPLICATE WORK BY COVERING PRODUCTS ALREADY SUBJECT TO GROUP AGRICULTURE NOTIFICATION/CONSULTATION PROCEDURES. THIS SPARKED LENGTHY AND SOMETIMES ACrimonious DEBATE AMONG EC, AUSTRALIA, AND US ON COMPETENCY OF NTM GROUP. US POINTED OUT PROPOSED PROCEDURES COVER MEASURES WHILE GROUP AGRICULTURE PROCEDURES COVER ONLY PRODUCTS. AUSTRALIA CAUTIONED EC THAT UNTIL THERE IS A RESOLUTION OF FUNDAMENTAL ISSUE OF TREATMENT OF AGRICULTURE IN NEGOTIATIONS, NO DELEGATION SHOULD TAKE POSITION OF BLOCKING PROPOSALS AND BACKING OTHER DELEGATIONS INTO PREJUDICIAL POSITIONS BY EXCLUDING ANY PRODUCT FROM WORK PROGRAM. UNTIL RESOLUTION OF THIS ISSUE, SOME DUPLICATION OF WORK MAY BE NECESSARY, BUT AUSTRALIA URGED EC TO APPROACH WORK ON A PRAGMATIC BASIS. NED TNC CHAIRMAN'S SUGGESTION OF DECEMBER 1975 ANTICIPATED DUPLICATION OF SOME DISCUSSION SINCE IT REFERS TO ISSUES THAT MAY ARISE IN A NUMBER OF DIFFERENT CONTEXTS. US NOT CONCERNED WITH DUPLICATION AS LONG AS WORK IS FRUITFUL. EC REITERATED POSITION THAT PROCEDURE EXISTS IN GROUP AGRICULTURE AND CHIDED SOME DELEGATIONS FOR NOT UTILIZING THESE PROCEDURES. EC STATED THAT AGRICULTURAL ASPECTS OF PROPOSAL SHOULD BE FORWARDED TO GROUP AGRICULTURE AND REMARKED THAT EC HAD PROPOSED A GROUP AGRICULTURE MEETING TO CONSIDER THIS NTM PROPOSAL, BUT MEETING WAS REFUSED BY OTHER PARTICIPANTS. US AND AUSTRALIA AGAIN DIFFERED WITH EC THAT ANY REQUIREMENT EXISTS FOR TRANSFERRING PROPOSALS TO GROUP AGRICULTURE, AND STATED THEY WERE UNAWARE OF ANY SPECIFIC PROPOSAL FOR GROUP AGRICULTURE MEETING. AUSTRALIA OFFERED FURTHER REGUTTAL BY NOTING THAT CONSULTATION/NOTIFICATIONS PROCEDURES IN GROUP AGRICULTURE PROVIDES AN OPPOR-

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TUNITY TO DELS BUT IS NOT OBLIGATORY. YUGOSLAVIA ATTEMPTED
TO QUELLNS OBY SUGGESTING AAR GATION#NOTIFY MEA-

SURES OF INTEREST AND LEAVE PROBLEM OF HOW TO ADDRESS THESE
MEASURES TO A LATER TIME. US AND AUSTRALIA AGREED TO THIS
PROCEDURE BUT EC DID NOT. CANADA SUGGESTED DELEGATIONS
INFORMALLY INFORM EACH OTHER OF MEASURES TO BE
NOTIFIED BEFORE NEXT MEETING TO GAIN A BETTER UNDER-
STANDING OF IMPLICATIONS OF PROCEDURES.

6. NTM DATA BASE: AUSTRALIA REITERATED ITS PROPOSAL

THAT NTM DATA, AS CONTAINED IN GATT INVENTORY, BE PUT
IN TARIFF RATE INFORMATION FILE (TRIF). EC AND NORDICS
ASKED DISCUSSION TO
BE POSTPONED UNTIL NEXT MEETING,
WITH EC ASKING PROPOSAL TO BE REFERRED TO GROUP AGRICUL-
TURE. DEBATE ENSUED ON AGRICULTURAL ISSUE SIMILAR TO
THAT IN VL'S AND NTM/NDWN. US NOTED IT SAW LITTLE
NEED TO REFER TO AGRICULTURAL ASPECTS IN SIMPLE INFORMA-
TION GATHERING EXERCISE, AND REMARKED ON CURIOUS
SEQUENCE PROPOSED BY EC THAT GROUP AGRICULTURE SHOULD EN-
DORSE A PROPOSAL BEFORE NTM GROUP. AUSTRALIA CALLED EC
POSITION INCONSISTENT WHEN THEY ASKED FOR SIMILAR DATA
IN DAIRY SUBGROUP BUT NOW REFUSED TO PROVIDE IT IN NTM
GROUP9 AND SAID EC'S RELUCTANCE HAS IMPLICATIONS FOR DELE-
GATIONS IN AGREEING TO EC PROPOSAL FOR INFORMATION IN
OTHER GROUPS.

7. WORK OF NTM SUBGROUPS: THERE WAS NO DISCUSSION UNDER
THIS AGENDA ITEM AND GROUP NOTED CHAIRMAN'S SUMMING-UP'S
OF NTM SUBGROUPS.

8. OTHER BUSINESS: US NOTED IT HAD RECENTLY REVISED
ITS CERTIFICATION SYSTEM FOR GAS CYLINDERS, A SYSTEM
WHICH HAD BEEN NOTIFIED IN THE NTM INVENTORY.
US HOPED THIS ACTION WOULD BE TAKEN AS A POSITIVE
CONTRIBUTION OT WORK ON STANDARDS CODE, DESIGNED
TO REMOVE TECHNICAL BARRIERS TO TRADE, AND MTN.

9. DATES FOR NEXT MEETING: GROUP AGREED TO FOLLOW-
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ING SCHEDULE FOR NTM SUBGROUPS: (A)
OCTOBER 20-22 - GOVERNMENT PROCUREMENT; (B)

WEEK BEGINNING OCTOBER 25 - CUSTOMS MATTERS; (C) WEEK
BEGINNING NOVEMBER 1 - QUANTITATIVE RESTRICTIONS; (D)
WEEK BEGINNING NOVEMBER 8, WITH POSSIBILITY
OF CONTINUING WEEK OF NOVEMBER 15 - STANDARDS; (E)
NOVEMBER 24 - 26 WITH POSSIBILITY OF CONTINUING WEEK
OF NOVEMBER 28 - SUBSIDIES/COUNTERVAILING DUTIES; AND
(F) DECEMBER 9 - 10 - NTM PARENT GROUP. WALKER

NOTE BY OC/T: #AS RECEIVED.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, NONTARIFF BARRIERS, LESS DEVELOPED COUNTRIES, MEETINGS, ANTIDUMPING LAW (TRADE)
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JUL 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE05917
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760284-0626
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760728/aaaaayjx.tel
Line Count: 340
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 10 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 MAY 2004 by buchant0>; APPROVED <21 SEP 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TO GROUP AGRICULTURE NOTIFICATION/CONSULTATION PROCEDURES. THIS SPARKED LENGTHY AND SOMETIMES ACRIMONIOUS DEBATE AMONG EC, AUSTRALIA
TAGS: ETRD, US, AS, MTN
To: SECSTATE WASHDC 054 BRASILIA MEXICO SEOUL TOKYO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006